



Commonwealth of Virginia

Auditor of Public Accounts
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June 9, 2004

The Honorable Benjamin O. Scott
Clerk of the Circuit Court
City of Petersburg

City Council
City of Petersburg

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the City of Petersburg for the period January 1, 2003 through March 31, 2004.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Provide Proper Oversight

As cited in the last three audits, the Clerk does not provide adequate oversight or supervisory review over daily operations. Inadequate supervisory review resulted in errors and omissions in many areas of the Clerk's office operations. Specifically, we found the following errors.

- Staff do not properly assess the Fixed Felony Revocation Fee as required by Section 17.1-275.3 of the Code of Virginia in criminal revocation hearings involving multiple cases. Staff incorrectly assess the fee on a per-case basis when they should have assessed the fee only once per hearing. As a result, we found cases where staff over-assessed defendants this fee up to \$1,330. Staff should assess court costs correctly and in accordance with state law.

- Staff do not consistently monitor the daily and month end automated financial system reports. For example, even though we brought it to the Clerk's attention during our last audit, staff failed to update a sum uncertain case that has appeared on monthly reports since December 2002.
- Staff do not properly review liability accounts. As noted in last year's audit, staff failed to send \$377 in confiscated funds to the Commonwealth that the court has held for up to five years because the money had been incorrectly recorded in an escrow account. Additionally, the Clerk continues to hold \$1,041 in unclaimed restitution eligible for escheatment to the Commonwealth as well as \$134 in unclaimed chancery funds eligible for escheatment to the City. Staff should review liability accounts regularly and disburse or escheat funds when appropriate.

As we have recommended in past audits, because the Clerk has ultimate responsibility for the office's accounting operations, he should review staff work on a daily basis to ensure that employees follow accepted accounting practices, perform their work properly and timely, and regularly resolve any exceptions.

Improve Trust Fund Management

As cited in last year's audit, the Clerk does not properly manage trust fund accounts. He does not consistently reconcile trust fund balances from the bank statements to the court's accounting system. There is an unidentified variance of \$129 between the bank statement and the system balance. Additionally, the Clerk failed to take corrective action when the bank escheated a \$422 trust fund in October 2001 for inactivity. He continues to report the funds as being held as under control of the Clerk. As a result, the Annual Report contains inaccurate financial information, including an incorrect trust fund balance and approximate distribution dates. Without an adequate reconciliation process, the Clerk cannot ensure proper reporting and payout of trust fund accounts.

Reimburse Machine Recording Fund

The Clerk improperly used \$270 in machine-recording fees for the upgrade of a computer in the Clerk's Office not directly used for recording court proceedings. Section 17.1-275.6 of the Code of Virginia allows courts that use electronic devices for recording testimony to assess a special machine-recording fee. However, this statute limits the use of these recording fees to purchasing, repairing, replacing, or supplementing electronic recording devices. The law does not allow clerks to upgrade equipment not used for recording testimony in the court room with machine-recording fees.

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The Clerk has a few options to reimburse the machine recording fees. He may personally reimburse the money; he may request the Compensation Board reimburse the money using the court's technology trust funds, if available; or he may request the city to pay for the upgrade costs in accordance with Section 15.2-1656 of the Code of Virginia. Until he resolves this situation, the \$270 will continue to be a liability owed by the Clerk.

We discussed these comments with the Clerk on June 9, 2004 and we acknowledge the cooperation extended to us by the court during this engagement.

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